CPI June & Q2 2026

The headline CPI ebbed by an unadjusted 0.1% in June, taking the annual rate of inflation down to a four-month low of 3.8%. This was a downside surprise to market participants, who expected that annual headline inflation would remain unchanged at 4.0% in June.

%	MoM	YoY
Headline CPI	-0.1	3.8
Headline CPI (Seasonally Adjusted)	-0.1	3.7
Trimmed Mean CPI (Seasonally Adjusted)	0.3	3.6
Market Sector Ex 'Volatile Items'	0.3	3.6
Goods	-0.8	3.5
Services	0.8	4.0
Tradables	-0.8	1.5
Non-tradables	0.3	4.9

Data is original (not seasonally adjusted) unless stated otherwise.

In seasonally adjusted terms, the CPI also declined by 0.1%, while the annual rate fell by 0.3ppts to 3.7%.

The trimmed mean CPI rose by 0.3%, to be up 3.6% through the year, the same as in May. More importantly for the RBA, over Q2 as a whole, the trimmed mean CPI picked up by 0.8% QoQ and 3.6% YoY. While lower than expected by the market and the RBA, the annual rate still drifted further away from the 2-3% target band.

(%)	QoQ	YoY*
Headline CPI (Original)	0.6	3.9
Trimmed Mean CPI (Seasonally Adjusted)	0.8	3.6

*Annual changes are Q2 2026 on Q2 2025.

Groups

Housing remained the largest contributor to the annual rise in CPI, reflecting ongoing base effects on electricity, as well as further increases in dwelling prices and rents.

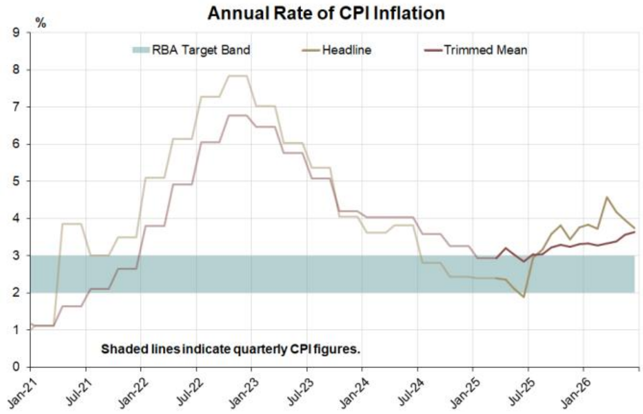
The contribution of transport costs to CPI was marginal, reflecting lower fuel costs amid lower global oil prices, as well as the fuel excise cut, which was in place in June.

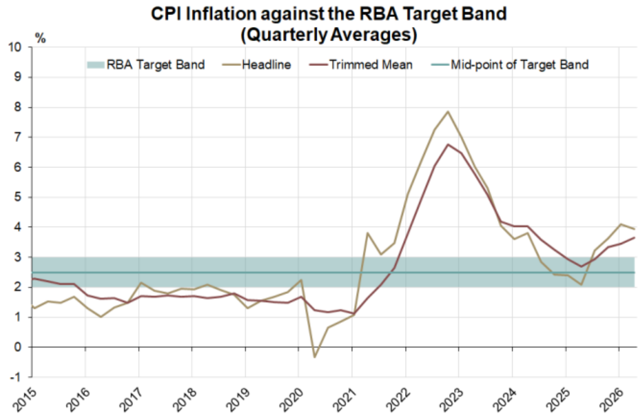
Capital Cities

Annual rates of inflation ranged from 3.2% in Melbourne to 4.2% in Adelaide and Hobart.

The Perth CPI declined by 0.2% in June, to be up 3.7%, which was the second-lowest inflation rate of all capital cities. This was also the smallest annual CPI increase since November last year. Consistent with nationwide trends, housing costs, particularly electricity, were the largest contributor to inflation, while transport costs rose only marginally.

Capital Cities (%, Original)	MoM	YoY
Perth	-0.2	3.7
Sydney	0.0	4.0
Melbourne	0.0	3.2
Brisbane	-0.1	4.0
Adelaide	-0.2	4.2
Hobart	-0.1	4.2





Comment

The June CPI inflation figures brought some relief to the market, but are by no means cause for complacency.

First, quarterly trimmed mean inflation, which remains the key measure of underlying price growth gauged by the RBA, drifted further away from the 2-3% target band in Q2. This could suggest that there is sufficient excess demand in the economy to allow higher costs to be passed on to customers.

Second, the June figures precede both the recent re-escalation of the war in the Middle East, which saw oil prices rise again, as well as the pending withdrawal of the fuel excise cut, which takes effect this coming weekend.

The above should be viewed through the lens of comments by RBA Governor Michele Bullock made yesterday. While Governor Bullock underscored that it would take some time for the recent rate hikes to run through the economy, she did not rule out further monetary policy tightening altogether.

That said, the downside surprise in the June CPI inflation figures saw monetary policy tightening expectations ease, with a 25bps hike no longer fully priced in. The probability of such a move in August plunged to near zero from 25% before the release.

29 July 2026